

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2655 – HB 3100

February 10, 2012

SUMMARY OF BILL: Authorizes franchise and excise tax credits for certain taxpayers that incur unreimbursed costs in connection with an employee donating a qualified life-saving organ to another individual. Such credit shall be the lesser of: the actual unreimbursed costs paid by the taxpayer in connection with the employee's organ donation, or \$5,000. Authorizes a carry-forward provision up to 15 years.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$352,000

Assumptions:

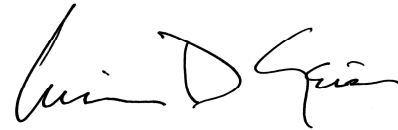
- For the purpose of this bill, “donates” or “donation” means the medical procedure in which a living person voluntarily allows a qualified life-saving organ to be removed from such person for transplantation into another person.
- For the purpose of this bill, “qualified life-saving organ” means a kidney, liver, lung, pancreas, intestine, bone marrow, or any other combination of part thereof.
- Based on information provided by the Department of Revenue and the Organ Procurement and Transplantation Network (OPTN), there have been an average of 114 transplants per year in Tennessee from living donors over the last five calendar years (2007 through 2011). This number is assumed to remain constant in subsequent years.
- Seventy percent of future donors (under current law) are employed by employers that would be eligible for the proposed tax credit. As a result, there would be approximately 80 donors/employees (114 x 70%) that a respective employer could claim the tax credit for.
- The maximum tax credit is established at \$5,000 for each qualified donor/employee; the average tax credit is estimated to be \$4,000.
- The recurring decrease in state revenue applicable to the 80 donors is estimated to be \$320,000 (80 x \$4,000).
- Due to the incentive this bill provides, there will be an incremental number of people who will become donors. The incremental number of donors is estimated to be 10 percent of the average over the last five years. Therefore, an additional eight people will become donors each year that would not have under current law. The additional

recurring decrease in state revenue applicable to these eight donors is estimated to be \$32,000 (8 x \$4,000).

- The total recurring decrease in state revenue is estimated to be \$352,000 (\$320,000 + \$32,000).
- According to the Bureau of TennCare, this bill will have no impact on the Bureau.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

/rnc